Price control on drugs

1870. SHRI B.K. HARIPRASAD: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the National Pharmaceutical Pricing Authority has been able to regulate the prices of control-free drugs and retail margins and if so, to what extent;

(b) whether the revenue recovery notices issued by NPPA to overcharging drug makers to the aggregate extent of more than Rs. 500.00 crores have been stayed due to litigation in courts; and

(c) whether any committee has been set up to monitor control-free drugs and retail margin of medicines and if so, the findings thereof?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) The 74 bulk drugs specified in the First Schedule of the Drugs (Prices Control) Order, 1995 (DPCO, 95) and the formulations based thereon are under price control. Prices of non-Scheduled formulations are fixed by the manufacturers themselves. However, the Government takes corrective measures where the public interest is found to be adversely affected.

Since inception of NPPA in August, 1997 to 31st January, 2005, demand notices for an estimated amount of around Rs. 597 crores were raised in 263 cases. Of this, an amount of around Rs. 83 crores has been recovered so far. This includes part recovery in cases under litigation as per court orders.

A Committee under the Chairmanship of Joint Secretary (PI) was constituted to examine the span of price control (including trade margin) in the light of National Common Minimum Programme and the observations of the Supreme Court in SLP NO (c) 3668/2003 and to suggest measures for fulfilling the objective of National Common Minimum Programme to ensure the availability of life saving drugs at reasonable prices. This Committee has submitted its interim report to the Government. The Committee has recommended, *interalia,* intensive monitoring on the prices of all those drugs out of the selected basket (National List of Essential Medicines, 2003) which are not under price control,ceillings on trade margins of drugs, a system of price negotiations for the new patented

drugs, special schemes for people below poverty line, introduction of Rajasthan Model of Life Line Fluid Stores (hospital pharmacy stores run by Medicare Societies) for bulk purchase of drugs directly from manufacturer and selling them at reduced prices, compounding of offences under the Essential Commodities Act, establishment of DPCO cells in all States on the model of Karnataka, price negotiations at the time of launching of a new patented drug, efforts to increase public awareness, wide publicity to policies and decisions of the Government and NPPA etc.

Drug Price Liability Review Committee

1871. SHRI UDAY PRATAP SINGH: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that Drug Price Liability Review Committee was formed around 10 years ago; and

(b) if so, the details of the reports received from this Committee and details of the pending cases?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) The Drug Prices Liabilities Review Committee (DPLRC) was constituted on 21.3.1994. After giving adequate opportunity of hearing to the drug companies to present their point of view, the Committee gave reports in 50 cases giving its views on various issues involved in these cases but did not quantify the liability.

The terms of reference of the Committee were revised on 10.10.2002 and the Committee is now required to quantify the amount of liability of drug companies in accordance with the provisions of the DPCO 1979. Accordingly the Government referred 33 cases out of 49 cases in which the Committee gave its reports earlier, back to the DPLRC for quantifying the amount of liability. One case has been dropped on the recommendation of the DPLRC. Considering relevant factors involved in each case and on the basis of the certified/Audited quantity of consumption and the procurement price furnished by the companies and as per the provisions of the Drugs (Prices Control) Order, 1979, the Committee has given its reports in 23 cases (22 companies; one case linked with another case) to the Government quantifying the amount of liability of the drug companies. There are 32 cases pending with the Committee at present.